



**RP - Sanjiv Goenka  
Group**  
Growing Legacies



Head – Regulatory : 011

November 4, 2024

**The Secretary**  
**Central Electricity Regulatory Commission**  
**7th Floor, Tower B, World Trade Centre,**  
**Nauroji Nagar,**  
**New Delhi - 110029**

Sir,

**CESC Comments towards draft order in the Suo-Motu Petition No. 8/SM/2024**

With reference to the public notice No. L-1/257/2020/CERC dated 4 October, 2024, we are submitting our comments towards directions by the Commission to the Power Exchanges registered under the Central Electricity Regulatory Commission (Power Market) Regulations, 2021 – Draft order in the Suo-Motu Petition No. 8/SM/2024 thereof for your kind consideration.

Assuring you of our best attention.

Yours faithfully,

**Balaji Sivan**  
**Head – Regulatory**

Encl.



**Draft Order dated 04.10.24 in Petition No. 8/SM/2024: Directions by the Commission to the Power Exchanges registered under the Central Electricity Regulatory Commission (Power Market) Regulations, 2021**

S. No.	Draft Direction by CERC	CESC Observations & Requests								
(a)	All Power Exchanges shall allow only the established pre-specified slots on the exchange platform for TAM contracts (including HP-TAM). These pre-specified slots shall include Base/RTC, Peak, Off-Peak (other than peak), and Night, wherein the peak period would be as defined by the NLDC. In the case of G-TAM, Power Exchanges shall have the liberty to pre-specify slots based on the generation profile of different technologies, as provided by the sellers. Exchanges should submit the pre-specified contracts for approval of the commission.	<p>The existing contracts offered by the power exchange provide flexibility to the distribution utilities to plan their power procurement and keep it to optimal levels to provide lowest cost power to its consumers. It is a known fact that each distribution utility has different peak and off-peak periods depending on the weather pattern &amp; associated demand profile of its customers as well as demographics of its customers. In addition, SLDCs typically specify the Peak and Off-Peak Periods for the distribution utilities operating in their jurisdiction. This information becomes an important tool for the State Regulatory Commissions to define TOD Tariffs.</p> <p>Hence, in such a scenario, specification of peak period by NLDC may not be appropriate. Instead, it is proposed that such specification be left with the distribution utilities to define to the power exchanges.</p>								
(b)	All Power Exchanges shall follow the timelines for different stages of ADSS contracts, including the bid receiving window/submission of interest quantity by sellers, IPO auction, Reverse Auction, and Bid acceptance window as follows.	<p>The following is being proposed to as to allow appropriate participation:</p> <table><tr><td>Bid Receiving Window</td><td>Max. 2 days (48 hours) <u>excluding the day when the request is being placed.</u></td></tr><tr><td>IPO Auction</td><td>Max. 2 hours (120 mins)</td></tr><tr><td>Reverse Auction</td><td>Min. 2 hours (120 mins) with an extension up to 24:00 Hrs of auction day</td></tr><tr><td>Acceptance Window</td><td>Max. 2 days (48 hours) <u>excluding the day when the Reverse Auction is conducted</u></td></tr></table>	Bid Receiving Window	Max. 2 days (48 hours) <u>excluding the day when the request is being placed.</u>	IPO Auction	Max. 2 hours (120 mins)	Reverse Auction	Min. 2 hours (120 mins) with an extension up to 24:00 Hrs of auction day	Acceptance Window	Max. 2 days (48 hours) <u>excluding the day when the Reverse Auction is conducted</u>
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(c)	<p>In view of the very low liquidity in Intra Day Contracts since its introduction, the availability of the alternative Real-Time Market, and to avoid market fragmentation, it is proposed to withdraw Intra-Day Contracts in all the Power Exchanges from a pre-specified date, in terms of Regulation 25(3) of PMR 2021.</p>	<p>Intra Day Contracts allow flexibility to the distribution utilities to plan for power purchase in case when the demand projections change drastically during summer/rainy season and/or when its bid get paradoxically rejected as Real-Time Market may not be able to cater to exceptional power requirements much nearer to the actual demand timelines.</p> <p>Hence, it is requested that the Intra-Day Contracts be allowed to be offered by the power exchanges. However, it may be a prudent idea to put a maximum limit on the tariff linked to price discovered for that particular slot in the Day Ahead Market to address the concerns expressed.</p>
(d)	<p>It is proposed to modify the price discovery mechanism in the case of Contingency Contracts to Uniform Price Step Auction from the existing Continuous matching. The Commission proposes to issue amendment(s) in PMR 2021 to this effect.</p>	<p>We welcome this direction.</p>
(e)	<p>Till the time the amendments to PMR 2021 come into effect, the Power Exchanges shall follow the directions in case of Contingency contracts as under:</p>	
	<p>(i) Power Exchanges to make changes in the software/ market watch so that all the parties are able to see all the buy and sell offers for 10 minutes before the order gets transferred to the order book; after the expiry of this period, best buy and sell bids get cleared, and</p>	<p>We welcome this direction.</p>
	<p>(ii) Power Exchanges to display information regarding the number and volume of bids received (both buy and sell) on their website, in addition to the data on traded volume</p>	<p>We welcome this direction.</p>



f	<p>Clause 8. Lately, some concerns have been raised by the stakeholders regarding price discovery in the Day-Ahead Contingency contracts. The issues relating to high prices in Day-Ahead Contingency contracts and potential deficiencies in the price discovery mechanism in the case of TAM have also been pointed out by the Ministry of Power. Moreover, the Commission's staff has observed some anomalies in the operation of the Term-Ahead Market, including Any-Day Single-Sided contracts.</p>	<p>In order to address concerns of price manipulation by stakeholders, it is suggested that after establishing the DAM Obligation reports on the trading day, the PXs may carry out one set of Contingency-DAM (Collective) at round 1600 hrs to 1700 hrs on the trading day for the next day as the delivery day to optimize the uncleared power of both sellers and buyers who bid their power on DAM and some portions remain unclear. This may, not only address the price manipulations by market players but may also maximize the consumer surplus by robust price discovery and market clearing vol in each block for the next day.</p>
g.	<p>Clause7. <b>Table 1: Matching Mechanism and Bidding Timelines in Power Exchanges</b></p>	<p>Day Ahead Contingency (Continuous Matching): Bidding/ Trading Time.) For IEX in both Intra-day and Day-Ahead Contingency the Delivery is 3.5 hrs ahead while in PXIL and HPX it is 2.5 hrs ahead. Requesting to make time line for IEX in line with that of PXIL and HPX.</p>